

OTHER REVENUE

Other revenue is comprised of Franchise Fees, Licenses and Permits, Fines and Forfeitures, Intergovernmental, Service Charges, Miscellaneous and Interfund Revenue/Transfers.

OTHER REVENUE SOURCES

- The franchisees are required to pay Franchise Fees as compensation to the City for the use of City property while providing a commercial service to Mountain View businesses and residents.
- Licenses and Permits and Service Charge revenues are generated from private development activity and recreation classes.
- Fines and Forfeitures are generated from citations issued by the City and the California Highway Patrol.
- Intergovernmental includes all revenue derived from other government agency sources, the largest of which is motor vehicle license fees (MVLf).
- Miscellaneous Revenue includes revenue from a variety of sources.
- Interfund Revenues are reimbursements to the General Operating Fund from other funds and capital improvement projects for services provided. Interfund Transfers are transfers from other funds.

ECONOMIC FACTORS

- State of the economy
- Franchise agreements and revenues generated by franchisees
- Level of development activity
- Actions by the State Legislature
- Level of service provided to other funds and capital improvement projects by staff budgeted in the General Operating Fund
- State and Federal regulations, legislation and funded programs

HISTORY

Franchise Fees: Franchise revenue generated from gas and electricity usage steadily increased through Fiscal Year 2000-01 as a result of significant commercial and residential development. This new development completely masked the impact of the PG&E rate reduction effective March 1998.

The City's refuse hauler, Foothill Disposal Company (Foothill) is required to pay a franchise fee to the City. This revenue began declining in Fiscal Year 2001-02 as a result of the decreased demand for refuse service, resulting from the large amount of vacant commercial space.

In addition, both of these Franchise Fee sources have been negatively impacted by conservation and recycling efforts.

Licenses and Permits and Service Charges: This revenue source experienced significant growth during the 1990s as a result of new development. Revenues began declining in Fiscal Year 2000-01 as there were no new large commercial development projects.

Intergovernmental Revenue: During the past decade, many revenues from the State have been reduced or eliminated. However, motor vehicle license fees (MVLF) collected on vehicle registrations have steadily increased. MVLF were reduced by the State Legislature in Fiscal Year 1997-98 with the losses to local agencies offset by a "backfill" payment from the State's General Fund. Local agencies are dependent upon the State to continue to backfill the loss of that portion of MVLF.

Interfund Revenues/Transfer: Every two years, the City's A-87 cost allocation plan is updated to accurately reflect the services provided to other funds and capital projects by General Operating Fund staff.

FORECAST

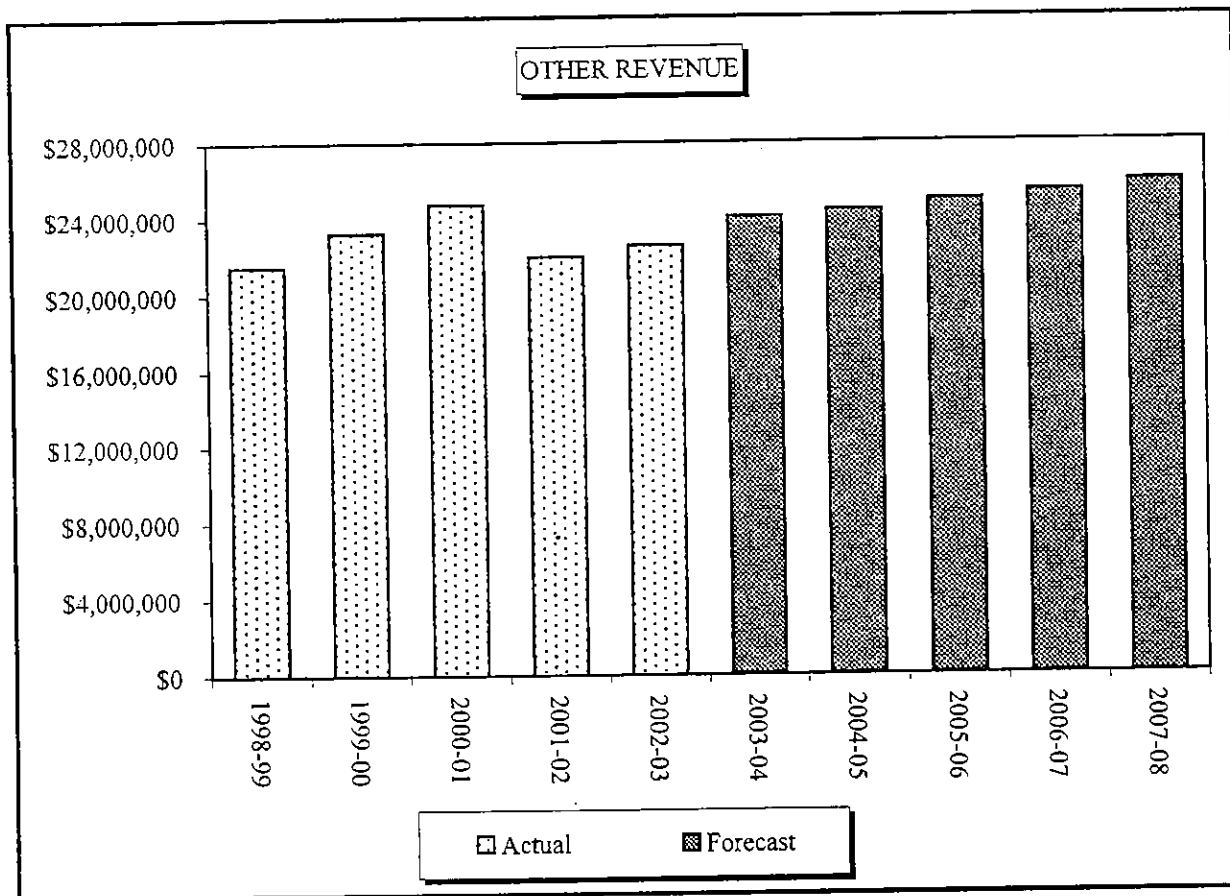
Franchise Fees: The projection for the Fiscal Year 2003-04 Adopted Budget includes an increase in the fee collected from Foothill, resulting from their anticipated increase in revenues. The four forecast years assume inflationary increasing revenue from Foothill and from the other Franchisees.

The PG&E reorganization plan approved by the bankruptcy court did not include the additional corporate entities originally proposed by PG&E; therefore, the adopted budget is based on receiving the full franchise fee.

Licenses and Permits and Service Charges: This revenue is expected to decline slightly during Fiscal Year 2003-04, reflecting the continued slowdown in private construction activity, and increase slightly in the last three forecast years.

Intergovernmental Revenue: The May revision of the Fiscal Year 2003-04 State budget proposes triggering the reinstatement of the full amount of the tax to the vehicle owner and releasing the State from the obligation of backfilling the 67.5 percent to local agencies. No adjustment in MVLF revenues has been reflected in the Fiscal Year 2003-04 Adopted Budget or the four forecast years.

Interfund Revenue/Transfer: The cost allocation plan revision was completed and the updated numbers have been included in the adopted budget. The funding for the biennial update to the plan is included in the 2003-04 fiscal year Adopted Budget.



<u>Fiscal Year</u>	<u>Annual Revenues</u>	<u>% Change</u>
1998-99	21,526,000	10.4%
1999-00	23,251,000	8.0%
2000-01	24,750,000	6.4%
2001-02	21,995,000	(11.1%)
2002-03 *	22,566,000	2.6%
2003-04 **	24,070,000	6.7%
2004-05	24,400,000	1.4%
2005-06	24,945,000	2.2%
2006-07	25,387,000	1.8%
2007-08	25,920,000	2.1%

* Unaudited

** Adopted